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OF COUNSEL
WILLIAM G. CONLY

July 5, 2007

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston Formation, Reservoir A; and Cotton Valley
Formation, Reservoir A; CASPIANA FIELD, Caddo
and DeSoto Parishes, Louisiana.

Dear Sir:

PALMER PETROLEUM, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Hosston Formation, Reservoir A, and to the Cotton Valley Formation, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana:

1. To permit Applicant to combine downhole production from the Hosston Formation, Reservoir A, with production from the Cotton Valley Formation, Reservoir A, in the wellbore of any existing and future wells located on the following described units in which well the interests in the units are identical:

- (a) Section 4, Township 15 North, Range 13 West - HOSS RA SUY and CV RA SUY;
- (b) Section 5, Township 15 North, Range 13 West - HOSS RA SU128 and CV RA SU121;
- (c) Section 6, Township 15 North, Range 13 West - HOSS RA SU129 and CV RA SU122;
- (d) Section 7, Township 15 North, Range 13 West - HOSS RA SU70 and CV RA SU123;
- (e) Section 8, Township 15 North, Range 13 West - HOSS RA SUZ and CV RA SUZ;
- (f) Section 9, Township 15 North, Range 13 West - HOSS RA SUAA and CV RA SUAA;
and
- (g) Section 12, Township 15 North, Range 14 West - HOSS RA SU69 and CV RA SU124;

said units being shown on the attached plat.

2. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Hosston Formation, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana, was initially defined in Office of Conservation Order No. 191-B, effective April 15, 1975, and was redefined as to certain units by Office of Conservation Order No. 191-B-158, effective January 17, 2007.

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The Cotton Valley Formation, Reservoir A, in the Caspiana Field, Caddo and DeSoto Parishes, Louisiana, was initially defined in Office of Conservation Order No. 191-A, effective February 15, 1975, and was redefined as to certain units by Office of Conservation Order No. 191-A-164, effective January 17, 2007.

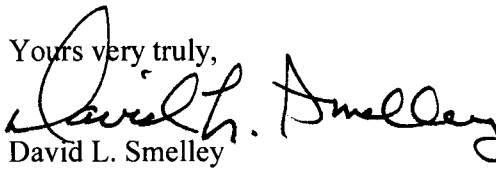
Any pertinent data concerning this application will be available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Blvd., Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect any such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of the attached plat, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Caspiana Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,

David L. Smelley
-- Attorney for Palmer Petroleum, Inc.

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Tom Giles (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/copy of plat only)

